

Message Text

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PAGE 01 GENEVA 06325 111501Z

44

ACTION EB-06

INFO OCT-01 EUR-08 EA-06 NEA-06 IO-04 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-01 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-20 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 AF-04 ARA-06 DRC-01 OIC-01 /110 W

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INFO USEC BRUSSELS 4155

AMEMBASSY CAIRO

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AMEMBASSY NEW DELHI

USOECD PARIS 7304

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SUBJ: GATT MANAGEMENT GROUP

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SUMMARY. INFORMAL DISCUSSION ON MEMBERSHIP PROPOSED GATT MANAGEMENT GROUP ARE DEADLOCKED AS RESULT LDC CLAIMS FOR THREE MEMBERS FOR EACH MAJOR LDC SUB-GROUP.

1. GATT DG LONG HELD TWO INFORMAL MEETINGS KEY DC'S AND LDC'S OCTOBER 9 AND 10 TO TRY TO REACH AGREEMENT ON MEMBERSHIP PROPOSED MANAGEMENT GROUP. ON DC SIDE, US (BRUNGART), CANADA (AMB BARTON), SWITZERLAND (DUNKEL), AND JAPAN (MIZOGUCHI) ATTENDED. LDC'S WERE PERU (AMB ALZAMORA), YUGOSLAVIA (TOMIC),
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PAGE 02 GENEVA 06325 111501Z

EGYPT (HAMZA), AND INDIA (CHADHA). EC, ALTHOUGH INVITED, DID

NOT ATTEND. LONG REPORTED THEY ARE AGREEABLE TO 15 MEMBER GROUP.

2. IN OPENING INTERVENTION, PERU STATED LDC'S AGREE PROPOSED GROUP SHOULD BE BALANCED AND SMALL. HOWEVER, THEY CONSIDER GROUP OF NOT MORE THAN TWENTY -- AS SUGGESTED IN ORIGINAL GATT SECRETARIAT PROPOSAL -- WOULD NOT BE TOO LARGE. STATED THERE ARE 105 DEVELOPING COUNTRIES INCLUDING FIFTY-FIVE IN GATT AND THREE MEMBERS EACH IS IRREDUCIBLE MINIMUM REQUIRED BY LDC REGIONS (AFRICA, LA, ASIA). NOTED THAT HE DID NOT CONSIDER MEDITERRANEAN COUNTRIES (SPAIN, GREECE, TURKEY, ISRAEL, ETC.) AS LDC'S. ALSO STATED LDC'S CONSIDER EASTERN EUROPEANS AS DEVELOPED COUNTRIES. THUS, IN THEIR VIEW GROUP OF SAY 20 WOULD NOT BE IMBALANCED IN FAVOR OF LDC'S. HOWEVER, THEIR PRIMARY CONCERN IS TO HAVE NINE REPRESENTATIVE FROM THREE LDC REGIONS, AND IF THIS ACCORDED THEY WOULD UNDOUBTEDLY BE ABLE ACCEPT ANY COMPOSITION FOR REMAINDER OF GROUP WHICH OTHER COUNTRIES WOULD BE ABLE TO WORK OUT.

3. US STATED WE FELT STRONGLY THAT GROUP SHOULD BE LIMITED TO 15 AND SHOULD BE BALANCED BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. WE CONSIDERED PREEXISTING INFORMAL GROUP OF SEVEN PLUS SEVEN PLUS ONE WAS GOOD MODEL. JAPAN SUPPORTED US AND PUT PARTICULAR STRESS ON NEED FOR PARITY BETWEEN LDC'S AND DC'S. IN RESPONSE INDIA EXPRESSED VIEW ABSOLUTE PARITY NOT ESSENTIAL SINCE GROUP WOULD NOT BE DECISION- MAKING AND THERE WOULD BE NO VOTING, AND ASKED WHY DEVELOPED COUNTRIES CONSIDER PARITY NECESSARY. ALSO ASSERTED THAT IF DC'S WOULD NOT INSIST ON PARITY, IT WOULD BE EASIER TO ACHIEVE SMALLER GROUP. JAPAN NOTED BALANCED GROUPS WERE IN GATT TRADITION. US STATED PARITY ALSO IMPORTANT FOR PSYCHOLOGICAL REASONS IN THAT IF LDC'S OVERLY-REPRESENTED GROUP WOULD LOOK LIKE A MINI-UNCTAD, AND IT WOULD BE DIFFICULT TO ATTRACT KIND OF HIGH-LEVEL REPRESENTATION FROM CAPITALS THAT WOULD BE NEEDED TO MAKE GROUP A SUCCESS. WHILE WE AGREED GROUP SHOULD PAY APPROPRIATE ATTENTION TO SPECIAL LDC PROBLEMS, WE WOULD NOT WANT THIS TO BECOME ITS PREDOMINANT CONCERN. THERE ARE OTHER EXISTING BODIES FOR THIS. SWITZERLAND POINTED TO USEFULNESS OF PROPOSED GROUP FOR DEVELOPING COUNTRIES, NOTING THAT IT WOULD GIVE LDC'S (AS WELL AS COUNTRIES SUCH AS HIS) AN OPPORTUNITY FOR DIALOGUE WITH MAJOR POWERS WHO OTHER-WISE MIGHT BE MAKING DECISIONS ON LIMITED OFFICIAL USE

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PAGE 03 GENEVA 06325 111501Z

THEIR OWN. CANADA, WHILE NOT TAKING POSITION ON PRECISE NUMBER, NOTED THAT EXPANDING GROUP BEYOND FIFTEEN MIGHT NOT SOLVE PROBLEM OF BALANCE, SINCE IT MIGHT TOUCH OFF STILL FURTHER CANDIDACIES FOR MEMBERSHIP. NOTING THAT INDIA HAD SUGGESTED POSSIBILITY OF INCLUDING NEW ZEALAND IN GROUP OF TWENTY TO ACHIEVE GREATER DC-LDC BALANCE, CANADA NOTED THAT THIS MIGHT LEAD NORDICS AND EASTERN EUROPEANS BOTH TO REQUEST TWO INSTEAD OF ONE MEMBERS.

4. SECOND MEETING OCTOBER 10 BASICALLY INVOLVED REPETITION SAME VIEWS PUT FORWARD DAY BEFORE. US NOTED, HOWEVER, THAT DRAFT TERMS OF REFERENCE RECOGNIZED POSSIBILITY OF ROTATION AND THAT WE BELIEVED ALL COUNTRIES ALSO AGREE THAT THERE MIGHT BE A VERY LIMITED NUMBER OF ALTERNATE REPRESENTATIVES. CONSIDERED THAT THIS MIGHT PROVIDE WAY OUT OF IMPASSE. INDIA SKEPTICAL AND RAISED NUMBER OF QUESTIONS HOW THIS WOULD WORK. IN RESPONSE TO INDIAN QUESTION ABOUT DIFFERENCE BETWEEN FULL MEMBER AND ALTERNATE, US (SPEAKING PERSONALLY) STATED THAT ALTERNATE REPRESENTATIVES WOULD PROBABLY HAVE RIGHT TO SPEAK IN CASES WHERE THEY CONSIDER MATTER OF DIRECT INTEREST TO THEIR COUNTRIES UNDER CONSIDERATION BUT THAT THEIR INTERVENTIONS WOULD BE LIMITED TO SUCH CASES, WHILE FULL MEMBERS WOULD BE EXPECTED TO PARTICIPATE ACTIVELY ALL DEBATES. WOULD ALSO BE POSSIBLE TO ROTATE MEMBERS AND ALTERNATES IN CASES WHERE COUNTRIES CONCERNED SO DESIRED. RECOGNIZED THE PROBLEMS THAT HAD BEEN RAISED BY INDIAN DELEGATE, BUT THAT WE THOUGHT TECHNIQUE MIGHT BE PROFITABLY CONSIDERED. NOTED, HOWEVER, US NOT PROPOSING THIS TECHNIQUE. OUR PREFERENCE WOULD BE FOR GROUP OF 15 WITHOUT ALTERNATES, AND IF THERE WERE ALTERNATE COUNTRIES, NUMBER WOULD HAVE TO BE VERY LIMITED.

5. WHEN DISCUSSION BECAME PURE REPETITION POINTS ALREADY MADE AND IT CLEAR NEITHER SIDE WILLING TO BUDGE, LONG SUSPENDED MEETING SINCE THEN, NOTING THAT HE AVAILABLE TO CHAIR FURTHER DISCUSSIONS AT ANY TIME PARTICIPANTS MIGHT DESIRE.

6. MISSION RECOMMENDATIONS: WE NOW HAVE STRONGER DC SUPPORT FOR HOLDING GROUP DOWN TO 15 (OR 16) THAN BEFORE, AND LDC'S INCREASINGLY RECOGNIZE FIRMNESS OUR POSITION. BELIEVE WE SHOULD CONTINUE TO HOLD TO OUR PRESENT POSITION AND AWAIT THEIR FURTHER REACTION. SECRETARIAT (PATTERSON) CONCURS. HE EXPECTS LIMITED OFFICIAL USE

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PAGE 04 GENEVA 06325 111501Z

THAT CONTRACTING PARTIES CHAIRMAN (AMB. KITAHARA, JAPAN) WHO WILL RETURN GENEVA NEXT WEEK AFTER LENGTHY ABSENCE, WILL HELP IN TRYING ACHIEVE SATISFACTORY SOLUTION.

7. ADDITIONAL COMMENTS: WE UNDERSTAND THAT LDC'S WOULD WANT THEIR REPRESENTATION TO BE AS FOLLOWS: ASIA: MALAYSIA, INDIA, PAKISTAN; AFRICA: NIGERIA, EGYPT, ZAIRE; LA: BRAZIL, ARGENTINA, PERU. MEDITERRANEANS, IF THEY GET TWO MEMBERS, WOULD BE REPRESENTED BY SPAIN AND YUGOSLAVIA. AUSTRALIANS TELL US THEY NOW WILLING TO HAVE NEW ZEALAND ALTERNATE IF IT CLEAR THAT AUSTRALIA ITSELF HAS FULL CONTINUING MEMBERSHIP. AUSTRALIANS NOT SURE WHETHER THIS ACCEPTABLE TO NEW ZEALAND AND QUESTION CURRENTLY BEING DISCUSSED AT HIGH-LEVEL BETWEEN THEIR CAPITALS. PORTUGAL HAS OPTED FOR PARTICIPATING IN "OTHER EFTA GROUP" WITH AUSTRIA AND SWITZERLAND, WHICH WOULD

SLIGHTLY DELETE DEVELOPED COUNTRY CHARACTER OF THAT
CONSTITUENCY. EASTERN EUROPEANS WOULD BE WILLING TO SETTLE FOR
ONE SEAT -- PROBABLY HUNGARY -- IF GROUP HELD TO 15 LEVEL.DALE

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